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in its capacity as Indenture Trustee*

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

-----X	:	
In re	:	
	:	Chapter 11
LEXINGTON PRECISION CORP.,	:	
<u>et al.</u>	:	Case No. 08-11153(SCC)
	:	
Debtors.	:	(Jointly Administered)
	X	

**OBJECTION OF INDENTURE TRUSTEE TO DEBTORS' MOTION DATED  
OCTOBER 24, 2008 AS SUPPLEMENTED TO: (I) APPROVE THE PROPOSED  
DISCLOSURE STATEMENT, (II) APPROVE THE PROCEDURES TO SOLICIT  
ACCEPTANCES OF THE DEBTORS' PROPOSED PLAN, AND (III) SCHEDULE A  
HEARING AND ESTABLISH NOTICE AND OBJECTION PROCEDURES FOR  
CONFIRMATION OF THE DEBTORS' PROPOSED PLAN**

TO THE HONORABLE SHELLEY C. CHAPMAN,  
UNITED STATES BANKRUPTCY JUDGE:

Wilmington Trust Company<sup>1</sup> (the "Indenture Trustee") objects to Debtors' Motion as  
supplemented to (I) Approve the Proposed Disclosure Statement, (II) Approve the Procedures to  
Solicit Acceptances of the Debtors' Proposed Plan, and (III) Schedule a Hearing and Establish

<sup>1</sup> To the extent undefined herein, all capitalized terms shall have the meaning ascribed in the Debtors'  
Fourth Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code (the "Plan").

Notice and Objection Procedures for Confirmation of the Debtors' Proposed Plan (the "Motion")  
stating as follows:

**BACKGROUND**

1. Beginning in December 2003 and continuing to date, the Indenture Trustee has served under the Indenture for the Senior Subordinated Notes. The holders of the Senior Subordinated Notes, Class 5, are owed approximately \$43.28 million, including interest through the Petition Date.

2. The Chapter 11 Cases have been pending before the Bankruptcy Court since April 1, 2008.

3. The Indenture Trustee has served on the Creditors' Committee since its formation on or about April 11, 2008. The Creditors' Committee has been active throughout the Chapter 11 Cases, at times proposing its own plan for the Debtors' reorganization.

4. Through the Motion, the Debtors seek approval of the Debtors' Proposed Disclosure Statement to the Debtors' Fourth Amended Joint Plan of Reorganization (the "Proposed Disclosure Statement").

**OBJECTION**

5. The Proposed Disclosure Statement provides inadequate information in at least the following areas:

(A) The likelihood of the Effective Date occurring. Further, there is inadequate explanation provided for the ninety (90) day delay following the Confirmation Date to the Effective Date and justification for the Confirmation Date occurring without further assurance that the Effective Date will occur;

(B) The lack of monitoring and reporting by the Debtors during the period following the Confirmation Date and prior to the Effective Date. The exclusion of the Bankruptcy Court, Creditors' Committee and creditors from the oversight of the Debtors during this period and from the determination that the Effective Date will not occur;

(C) Why the Debtors need 120 days following the Effective Date to file objections to Claims and why the last two plus years following the Commencement Date has been an insufficient period of time to file objections to Claims; and

(D) Section V(3) of the Disclosure Statement and Section 2.3 of the Plan each provide that on the Effective Date the Indenture Trustee's Fee Claim will be paid. The Plan at Section 1.58 defines the Indenture Trustee Fee Claim as meaning "any Claim of the Indenture Trustee for the reimbursement of its reasonable accrued and unpaid fees and expenses under the Indenture." In an effort to avoid involving the Court in this matter, over the last several weeks the Indenture Trustee, through counsel, has provided the Debtors with time sheets and summary statements of fees and expenses incurred during the Chapter 11 Cases and asked for a clarification from the Debtors and received none as to the following:

1. The failure to specifically identify the payment of fees and expenses for counsel to the Indenture Trustee, as included within the definition of the Indenture Trustee's Fee Claim; and

2. The meaning of "reasonable" as applied to the fees and expenses owed to the Indenture Trustee and its counsel and the process for determining same.

6. The Proposed Disclosure Statement fails to properly allow for the application of the default rate of interest as the correct applicable interest rate for the Senior Subordinate Note Claims.

**CONCLUSION**

7. The objections identified above concern information necessary to provide any creditor sufficient information as to whether to vote for or against the Plan. Unless and until the requested information is fully and satisfactorily provided, the Bankruptcy Court should decline approval of the Motion.

8. The Indenture Trustee reserves its right to amend or supplement this Objection during the period prior to any hearing the Bankruptcy Court may conduct on the Motion.

WHEREFORE, the Indenture Trustee respectfully requests the Court deny approval of the Motion unless and until the referenced matters have been adequately explained.

Dated: May 19, 2010

Respectfully submitted,

WILMINGTON TRUST COMPANY  
in its capacity as Indenture Trustee

By and through its counsel

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